

Message Text

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E.O. 11652: GDS (12/31/82)

TAGS: EFIN, EARL, ECRP, CG

SUBJECT: CERP 0201: GOZ BUDGET PERFORMANCE DATA JANUARY-JUNE

REF: (A) KINSHASA 4950; (B) KINSHASA A-83

1. A LONG AWAITED BOOST IN GOVERNMENT REVENUES HELPED BRING ZAIRE A MONTHLY BUDGET SURPLUS FOR JUNE, ACCORDING TO BUDGET DATA OBTAINED FROM AN UNOFFICIAL BUT RELIABLE SOURCE. THE FOLLOWING FIGURES ARE IN MILLIONS OF ZAIRES:

	TOTAL	MONTHLY AVERAGE	
JUNE	JAN.-JUNE	JAN.-JUNE	
RECEIPTS	65.6	238.0	39.7
OF WHICH			
(CUSTOMS)	33.8	92.5	15.4
(TAXES)	29.4	118.9	19.8
(ADMINISTRATIVE			
CHARGES)	0.6	3.0	0.5

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(NON-BUDGETARY

RECEIPTS)	0.2	15.0	2.5
(OTHER RECEIPTS)	1.6	8.3	1.4
EXPENDITURES	63.1	337.7	56.3
DEFICIT-/SURPLUS	2.5 (PLUS)	99.7 (MINUS)	16.6 (MINUS)

2. THE MOST NOTABLE FEATURE OF THE JUNE BUDGET PER-

FORMANCE WAS THE APPEARANCE OF THE LONG AWAITED INCREASE IN REVENUES FROM CUSTOMS AND TAXES. CUSTOMS REVENUES FOR JUNE WERE MORE THAN DOUBLE THE MONTHLY AVERAGE FOR THE FIRST SIX MONTHS OF THE YEAR AND EVEN EXCEEDED THE Z28 MILLION/MONTH AVERAGE FORESEEN BY THE IMF (SEE REF B). THE INCREASE IN CUSTOMS REVENUE IS ATTRIBUTABLE TO AN EXCEPTIONALLY LARGE IMPORT TRAFFIC STEMMING FROM THE ARRIVAL OF FOODSTUFFS ORDERED IN MARCH AND TO THE REVENUE INCREASING EFFECTS OF DEVALUATION.

3. TAX REVENUE FOR JUNE WAS 50 PERCENT OVER THE MONTHLY AVERAGE FOR THE FIRST SIX MONTHS OF THE YEAR AND EXCEEDED THE Z21 MILLION/MONTH AVERAGE FORESEEN BY THE IMF (SEE REF B). THE INCREASE IN TAX REVENUE WAS DUE PRIMARILY TO THE RECEIPT OF COMPANY TAX PAYMENTS FROM GECAMINES, THE FIRST OF SUCH PAYMENTS MADE BY THE STATE-OWNED COPPER MINING COMPANY THIS YEAR.

4. EXPENDITURES IN JUNE RAN SLIGHTLY ABOVE THE MONTHLY AVERAGE FOR THE FIRST SIX MONTHS OF THE YEAR BUT OVERSPENDING CONTINUED TO BE RELATIVELY MODEST. IF THE SPENDING PATTERNS OF THE FIRST SIX MONTHS OF 1976 CONTINUE THROUGHOUT THE REST OF THE YEAR, TOTAL SPENDING WILL BE Z675 MILLION, ABOUT Z60 MILLION OVER THE SPENDING LEVEL FORESEEN BY THE 1976 BUDGET DOCUMENT, BUT Z5 MILLION LESS THAN THE SPENDING LEVEL FORECAST BY THE IMF. (IT SHOULD BE NOTED THAT THIS EXPENDITURE DATA DOES NOT INCLUDE A Z118.5 MILLION PAYMENT WHICH ZAIRE MADE TO THE IMF TO ADJUST THE IMF'S HOLDING OF ZAIRIAN CURRENCY AFTER DEVALUATION.

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ESSENTIALLY A BOOKKEEPING TRANSACTION, THIS PAYMENT SHOULD NOT BE CONSIDERED WHEN ASSESSING THE GOZ'S BUDGETARY PERFORMANCE.)

5. THE GOZ'S JUNE BUDGET SURPLUS IS A WELCOME SIGN THAT THE FISCAL EFFECTS OF DEVALUATION ARE NOW TAKING HOLD. WE DON'T EXPECT REVENUE PERFORMANCE TO CONTINUE FOR THE REST OF THE YEAR AT THE JUNE LEVEL SINCE THE

JUNE RECEIPTS WERE BOOSTED BY AN UNUSUALLY LARGE PHYSICAL QUANTITY OF IMPORTS AND BY THE GECAMINE TAX PAYMENT. NEVERTHELESS, IT DOES NOW APPEAR POSSIBLE THAT REVENUES IN THE LAST HALF OF THE YEAR COULD AVERAGE NEAR THE Z51 MILLION/MONTH FORESEEN BY THE GOZ BUDGET.

6. IN EVALUATING THESE DATA, HOWEVER, WE MUST CONTINUALLY REMEMBER THAT THE FIGURES PRESENTED HERE ARE CASH FLOW FIGURES WHICH DO NOT TAKE INTO ACCOUNT ANY UNPAID PAST DUE OBLIGATIONS WHICH THE GOZ MAY HAVE. WE EXPECT THAT 1976 ARREARAGES WILL BE FAIRLY SMALL, IF FOR NO OTHER REASON THAN THAT SUPPLIERS ARE NOW MUCH MORE CAREFUL ABOUT RECEIVING PAYMENT BEFORE PROVIDING GOODS OR SERVICES TO THE GOZ. THUS, WHILE THESE FIGURES UNAVOIDABLY CONTAIN A BIAS, THEY ARE A GENERALLY ACCURATE INDICATOR OF TRENDS IN GOVERNMENT BUDGETARY PERFORMANCE.
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